

Message Text

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ORIGIN AF-18

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 L-03 (ADP)R

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R 021526Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY RABAT

C O N F I D E N T I A L STATE 151916

E.O. 11652: GDS

TAGS: EFIN, MO

SUBJECT: MOROCCANIZATION: PROCTOR AND GAMBLE

1. WILLIAM GURGANUS, EXECUTIVE VICE PRESIDENT, PROCTOR AND GAMBLE, ACCOMPANIED BY REPRESENTATIVES OF FIRM'S WASHINGTON OFFICE, CALLED ON DEPARTMENT AUGUST 1 TO EXPRESS CONCERN OVER IMPACT OF GOM'S MOROCCANIZATION POLICY ON THEIR MOROCCAN INVESTMENT. GURGANUS STATED COMPANY'S UNDERSTANDING THAT THEY MUST SELL 50 PERCENT OF EQUITY OF MOROCCAN SUBSIDIARY TO MOROCCAN NATIONALS BY MAY 1974. P&G REPS STATED THAT THIS WOULD INVOLVE MOROCCAN INVESTMENT OF APPROXIMATELY DOLS 10 MILLION. GURGANUS INDICATED HE SAW LITTLE PROSPECT OF MOROCCAN PRIVATE INVESTORS BEING ABLE TO RAISE SUCH SUM BY MAY 1974. IN RESPONSE TO QUERY AS TO WHETHER P&G WOULD BE WILLING TO ACCEPT GOM AS PARTNER EITHER ON 50-50 BASIS OR AS PARTNER HOLDING FRACTION OF MOROCCAN 50 PERCENT EQUITY, GURGANUS EMPHATICALLY REPLIED IN NEGATIVE.

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2. GURGANUS INDICATED COMPANY PLANS HAVE ITS GENEVA REP-

REPRESENTATIVE (NAMED SHARIF) VISIT MOROCCO IN NEAR FUTURE TO PRESENT LETTER TO GOM WHICH WOULD (A) ASK FOR ONE YEAR EXTENSION OF MAY 1974 DEADLINE; (B) REQUEST ASSURANCES COMPANY WOULD BE ABLE TO REPATRIATE DOLS 10 MILLION PAYMENT PROMPTLY; AND (C) SEEK OTHER ASSURANCES REGARDING FUTURE OPERATIONS OF COMPANY. DEPARTMENT OFFICER EXPRESSED PERSONAL BELIEF GOM WOULD BE WILLING TO EXTEND MAY 1974 DEADLINE BUT EXPRESSED DOUBT RE ITS WILLINGNESS ALLOW PROMPT TRANSFER DOLS 10 MILLION BY COMPANY. GURGANUS, WHO PRECEDED HIS REMARKS BY EXPRESSION OF BELIEF THAT US-MOROCCAN RELATIONS WOULD PERMIT USG TO INFLUENCE GOM FAVORABLY ON COMPANY'S BEHALF, EXPRESSED SURPRISE WHEN DEPARTMENT OFFICER, WHILE AGREEING THAT RELATIONS WERE INDEED "GOOD", NOTED AREAS IN WHICH GOM UNFORTUNATELY BELIEVED IT WAS ALREADY AMPLY DEMONSTRATING ITS FRIENDSHIP FOR US AND THAT US WAS NOT DOING SAME TOWARD MOROCCO.

3. MEETING ENDED WITH GURGANUS AGREEING TO INFORM DEPARTMENT IN ADVANCE OF DATE COMPANY WOULD DELIVER ITS LETTER TO GOM. DEPARTMENT OFFICER AGREED INFORM EMBASSY OF DISCUSSION AND TO REQUEST EMBASSY BRING TO GOM'S ATTENTION IMPORTANCE OF FLEXIBILITY REGARDING MAY 1974 CUT-OFF DATE IN ORDER THAT ORDERLY TRANSITION MIGHT BE MADE TO MOROCCAN EQUITY PARTICIPATION IN P&G SUBSIDIARY. (DEPARTMENT OFFICER NOTED WE HAD STRESSED TO GOM IN PAST IMPORTANCE OF ILLUSTRATING BY SPECIFIC ACTIONS ITS DESIRE ATTRACT ADDITIONAL PRIVATE AMERICAN INVESTMENT TO MOROCCO.)

4. FOREGOING IS FOR YOUR BACKGROUND ONLY AT THIS TIME. WHEN DEPARTMENT IS NOTIFIED BY P&G OF LETTER COMPANY PLANS DELIVER TO GOM, YOU WILL BE NOTIFIED. HOPEFULLY, DEPARTMENT WILL ALSO BE PROVIDED WITH TEXT OF LETTER WHICH WILL ALSO BE TRANSMITTED TO YOU. ROGERS

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Disposition Authority: morefirh
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Disposition Date: 28 MAY 2004
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ISecure: 1
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